



News from

Congressman Ron Kind

REPRESENTING WISCONSIN'S THIRD
CONGRESSIONAL DISTRICT

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Repealing the Birth Tax

By Congressman Ron Kind

\$26,250- As of this week, this is the share of the national debt belonging to each American; the total amount of debt our nation holds is \$7.8 trillion. I refer to this debt figure as the 'birth tax,' because this is also the amount of debt that each American child inherits the moment he or she is born. It is a debt today's children did not create, but if current deficit trends persist, it is one for which they will be responsible. How did we dig ourselves into this giant hole, and more importantly, how do we get ourselves out?

Four years ago, when President Bush took office, the national debt was at \$5.7 trillion, but the nation was running a budget surplus. The 10 year surplus was estimated at \$5.6 trillion and assuming no change in government's fiscal behavior, that forecast would have yielded a zero balance on our national debt by the year 2011. Think of it; our national debt wiped out by 2011, just when the Baby Boomers begin their massive retirement.

This Administration, however, chose a different fiscal course. Increased government spending coupled with lopsided tax cuts that have largely benefited corporations and the wealthiest few have exploded the national debt, taking us from the 10 year \$5.6 trillion projected surplus to the \$3 trillion deficit we face today, a fiscal collapse of nearly \$9 trillion. The effects of this increase in debt are likely to be higher taxes in the future and decreased investment in important priorities such as national security, health care, and education.

Higher deficits have other real consequences for American families today. The federal government is by far the largest player in the credit markets, and when federal borrowing increases there is less credit available to everyone else, causing interest rates to rise. Higher interest rates mean consumers must spend more on their mortgage, credit cards, and student loan payments. And when it becomes more expensive to borrow money, businesses are less likely to make the investments that generate jobs and opportunities. Furthermore, our national debt is being bought by foreign countries such as Japan and China. I do not believe it in our best long-term interest to be so dependent on China to finance our budget deficits.

I believe we must return to accountability by restoring fiscal discipline and eliminating deficit spending with pay-as-you-go budget rules. Using pay-as-you-go, any new tax cut or spending increase would have to be offset in the budget to maintain balance. This rule worked in the 1990s and helped give us four years of budget surpluses, two of which when the Social Security Trust Fund was not being raided for other purposes. Fiscal responsibility is more important than ever if we are to spare our children from backbreaking debt, and it is absolutely required if we are to

address the nation's largest economic challenges such as curbing the rising cost of healthcare, fixing Social Security, and protecting our country against terrorism.

Because actions speak louder than words, I have made it a priority to run an effective office on a lean budget, returning close to \$700,000 taxpayer dollars back to the federal treasury for debt reduction since elected to office. In an effort to ensure that the savings are used responsibly, I authored the Taxpayer Giveback Deficit Reduction Bill that requires all money returned by Congressional offices to be used specifically for deficit reduction and not for any other purpose, like pork-barrel projects.

As a member of the House Budget Committee, I have pushed for a return of budget enforcement mechanisms that helped create the surpluses of the 1990's. Instead, this Administration and the leadership in Congress have chosen a reckless course that has expanded the deficit trend at the exact moment our government needs to be fiscally strong to prepare for the upcoming retirement of 77 million baby boomers.

Recently, the House repealed the inheritance tax, which affects less than 2% of the wealthiest Americans. We should instead be focused on repealing the birth tax by eliminating budget deficits so our children are given opportunities, not obligations. America's growing debt will ensure that our children and our grandchildren are paying for this irresponsibility for the rest of their lives. For this we owe a debt all right, but certainly not one of gratitude.

Congressman Kind is a Democrat representing Wisconsin's Third Congressional District and is a member of the U.S. House Budget Committee. He is also a Chief Deputy Whip and Vice Co-chair of the New Democrat Coalition.